

Message Text

PAGE 01 STATE 102400

73

ORIGIN EA-10

INFO OCT-01 ISO-00 AF-06 ARA-10 EUR-12 NEA-09 AID-05

CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

NSC-05 SS-15 STR-04 CEA-01 L-02 ABF-01 IO-10 DODE-00

PA-02 USIA-15 PRS-01 /144 R

DRAFTED BY EA/EP:RHIMUS:SJB

APPROVED BY EA:LEEDMOND

L/EB:PRTRIMBLE (DRAFT)

EB/EWT:RPRACHT (DRAFT)

EA/VN:RWENZEL (DRAFT)

TREASURY:FAC:SLSOMMERFIELD (DRAFT)

EB/IFD/OIA:RSMITH (SUBS)

EA:RHMILLER (DRAFT)

EA/LC:LMRIVES (DRAFT)

----- 127065

P 012334Z MAY 75

FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY

UNCLAS STATE 102400

INFORM CONSULS

E.O. 11652: N/A

TAGS: EFIN, SN

SUBJECT:BLOCKING OF VIETNAMESE AND CAMBODIAN ASSETS

REF: (A) STATE 99538 (B) SEOUL 3097 (C) HONG KONG 4721

1. THE DEPARTMENT OF THE TREASURY ANNOUNCED APRIL 30 THAT
SOUTH VIETNAM IS BEING ADDED TO THE LIST OF DESIGNATED
UNCLASSIFIED

PAGE 02 STATE 102400

FOREIGN COUNTRIES BLOCKED UNDER THE FOREIGN ASSETS CONTROL
REGULATIONS. TEXT OF RELEASE IS AS FOLLOWS:

THE DEPARTMENT OF THE TREASURY ANNOUNCED TODAY AT THE

REQUEST OF THE STATE DEPARTMENT THAT FOREIGN ASSETS CONTROL REGULATIONS ARE NOW IN EFFECT WITH RESPECT TO SOUTH VIETNAM. THE EFFECT OF THESE REGULATIONS IS TO PROHIBIT ALL FINANCIAL AND COMMERCIAL TRANSACTIONS WITH SOUTH VIETNAM UNLESS PERMITTED BY LICENSE BY TREASURY'S OFFICE OF FOREIGN ASSETS CONTROL. WHILE THIS ACTION INCLUDES THE BLOCKING OF SOUTH VIETNAMESE GOVERNMENT ACCOUNTS IN THE UNITED STATES AND OVERSEAS AS WELL AS ALL ACCOUNTS OF PERSONS ACTING OR PURPORTING TO ACT ON BEHALF OF SOUTH VIETNAM WHO ARE NOT NOW IN THE UNITED STATES, ACCOUNTS OF PRIVATE AND OFFICIAL VIETNAMESE WHO ARE NOW IN THE UNITED STATES WILL NOT BE AFFECTED. ACCOUNTS OF GVN OFFICIALS OVERSEAS WHO NO LONGER ACT OR PURPORT TO ACT ON BEHALF OF SVN WILL ALSO NOT BE AFFECTED.

2. PRIVATE ACCOUNTS: BASIC GUIDELINES FOR PRIVATE CAMBODIAN ACCOUNTS OVERSEAS WILL ALSO NOW APPLY TO PRIVATE SOUTH VIETNAMESE. POSTS SHOULD DRAW UPON REF A FOR GUIDANCE.

3. EMBASSY ACCOUNTS: IN ORDER TO ALLOW VIETNAMESE AND CAMBODIAN DIPLOMATIC OFFICIALS ABROAD WHO DO NOT WISH TO WORK WITH THE NEW REGIMES IN SAIGON AND PHNOM PENH TO PHASE DOWN EMBASSY ACTIVITIES, TREASURY IS PREPARED TO LICENSE WITHDRAWALS FROM OFFICIAL ACCOUNTS TO COVER OPERATING EXPENSES. THIS IS SIMILAR TO THE PROCEDURES WE ARE EMPLOYING HERE IN WASHINGTON. IN SUCH CASES ABROAD, OUR POSTS SHOULD CONSULT WITH RESPECTIVE EMBASSIES TO ARRIVE AT REASONABLE DRAWDOWN LIMITS FOR EACH U.S. DOLLAR ACCOUNT HELD. POSTS SHOULD INSTRUCT BANKS CONCERNED TO THEN APPLY TO TREASURY THROUGH THEIR NEW YORK CORRESPONDENT BANK OR HEAD OFFICE FOR LICENSE AUTHORIZING DEBIT TO ACCOUNT IN QUESTION. SIMULTANEOUSLY POSTS SHOULD CABLE THE DEPARTMENT THEIR RECOMMENDATIONS FOR AMOUNTS TO BE UNBLOCKED, WITH IF POSSIBLE BANK NAME AND ACCOUNT NUMBER. UPON OUR RECOMMENDATION TREASURY WILL THEN ISSUE LICENSE FOR WITHDRAWALS UP TO THE AGREED LEVEL.

UNCLASSIFIED

PAGE 03 STATE 102400

4. IMPOSITION OF ASSETS CONTROLS HAS CREATED REAL PROBLEMS FOR AMERICAN BANKS OVERSEAS WHO FIND THEMSELVES CAUGHT IN CONFLICT BETWEEN LOCAL AND U.S. LAWS. THIS IS COMPLEX AND DIFFICULT ISSUE ON WHICH WE ARE WORKING ACTIVELY. IN THE MEANWHILE WE HOPE THAT EXEMPTIONS OUTLINED IN REF A AND PARA 3 ABOVE WILL MINIMIZE PRACTICAL DIFFICULTIES.

5. WE REALIZE IMPOSITION OF NEW FOREIGN ASSET CONTROLS MAY GIVE RISE TO INCIDENTS OF INCONVENIENCE AND HARDSHIP. AS REQUESTED REF A, POSTS SHOULD CONTINUE TO REPORT INCIDENTS WITH DEFINITE HUMANITARIAN AND FOREIGN POLICY IMPLICATIONS WITH RATIONALE FOR UNBLOCKING IF SUCH ACTION

IS RECOMMENDED.

6. FOR HONG KONG: TREASURY (FAC) REGARDS NOMINEE SHARE
ACCOUNTS IN NON-U.S. DOLLAR SHARES TO BE EQUIVALENT TO
NON-U.S. DOLLAR DEPOSITS. HENCE GUIDANCE GIVEN PARA 3,
REF A WOULD APPLY. KISSINGER

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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSETS CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE102400
Document Source: ADS
Document Unique ID: 00
Drafter: EA/EP:RHIMUS:SJB
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750154-0132
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505100/baaaaink.tel
Line Count: 117
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2003 by SilvaL0>; APPROVED <03 MAR 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971007
Subject: n/a
TAGS: EFIN, SN, US, VS
To: ALL DIPLOMATIC AND CONSULAR POSTS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006